# Chapter VI Understanding Knowledge Transfer on the Net: Useful Lessons from the Knowledge Economy

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#### **ABSTRACT**

KM is making its way among the more established branches of business management. Thus, the contribution that can come from an "economic reading" of KM practices cannot be neglected. To systematise the conceptual backgrounds and to improve the formal modelling, a more direct connection with the models and approaches of the economic disciplines would be useful, but KM and Economics have often been two too-distant areas. Recently, the attention to the economic models by KM researchers has increased. On the other hand, a growing number of economists have shown interest in the emerging field of the "Knowledge Economy," which focuses on the knowledge as an explicit object of the economic analysis. From these converging efforts, useful elements for the conceptual systematisation of KM can arise, and can give theoretical robustness to both the practice and the research. In the light of this, the chapter examines the contribution that the current studies of the Knowledge Economy can give to the clearer understanding of KM and, particularly, of Knowledge Transfer processes that are a central element of KM. The open research questions that may result from such an "economics-based" approach to KM are also analysed.

#### INTRODUCTION

In a broad sense, knowledge management (KM) can be intended as the set of interpretative models, methods, normative guidelines, practices, and technologies whose purpose is the deliberate, coordinated, and systematic management of knowledge as a key *asset* in organisations. In this

regard, KM is making its way among the more established branches of business management.

Indeed, managing knowledge has always been one of the major concerns of humanity, but the development of specific KM practices, and the allocation of a specific budget in companies for these, is relatively recent. The cause of this upsurge of interest is often associated to the *chal-*

lenges of the current economy, which increasingly require new solutions. In the growing uncertainty of markets and the globalisation of competition, the knowledge, and the capacity to acquire and exploit it, become essential. Also, the impressive advancements of ICT increases the motivation and eagerness to develop innovative solutions that can enable the full exploitation of this enormous (and, partly, still unexplored) potential.

Maybe because of its relatively young age, the background of the conceptual tools on which KM is grounded is still heterogeneous and, somewhat, jumbled. Two main fields traditionally represent the foundations of KM: Computer Science on the one hand, and Social Studies on the other hand, integrated with additional elements deriving from the business management toolbox. However, considering that the preeminent application field of KM are the firms, a more direct connection with the concepts and models of the economic disciplines would be desirable and useful.

On the other hand, the notion of knowledge in the economic studies has been, for a long time, disregarded. Recently, however, there is an upsurge of interest in the so-called "Knowledge Economy." These studies can provide useful elements for the conceptual systematisation of KM that can both give theoretical robustness to the practice, and boost the research.

In this chapter, we delineate some elements for understanding the links between KM and knowledge economy, indicate the "hot issues," and discuss the future research directions. We assume the perspective of a KM researcher that attempts to draw useful lessons from a more established discipline, in the assumption that the further development of KM as a central managerial discipline is strictly associated with the advancements of the important field of the Knowledge Economy.

In the following section, we first examine the traditional KM approaches, and give reasons for the necessity of a more direct linkage with the economic disciplines. Next, we focus on the

particular issue of knowledge transfer (KT), and discuss the contribution that the current studies of the knowledge economy can give for the clearer understanding of this essential process of KM practices. For this, we propose a simple scheme of KT that makes it possible to analyse its economic implications in a more systematic way.

## KNOWLEDGE MANAGEMENT: APPROACHES AND APPLICATION FIELDS

In the attempt to find solutions to typical problems of the firms (such as how to consolidate the organisational memory and avoid the negative effects of a rapid turnover, or how to limit the negative effects of idiosyncratic *knowledge islands* into the organisation – Franz, Freudenthaler, Kameny, & Schoen, 2002), KM practical programmes have been developed as a combination of several approaches (Earl, 2001). These approaches can be referred to various distinct schools of thought, and often imply different views, but can be mostly grouped into two contrasting categories, which are:

- The technology-oriented approach, which is often considered the "first generation" KM. The main theme is the development and use of the most advanced ICT applications for the manipulation of knowledge in its codified and explicit forms (see the following). The implementation of knowledge management Systems (KMS–Maier, 2002) is the main aim and result of this approach;
- The human-oriented approach (the "second generation" KM) sees the management of knowledge mainly as a communicational and social problem that, well before resorting to ICT systems, first involves people and requires the organisation of their interactions. The KM solutions that can be adopted include, for example, the implementation of

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